



BUREAU OF ASSET MANAGEMENT
DEPARTMENT OF REAL ESTATE MANAGEMENT
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Transmitting a Communication, dated August 20, 2019 from
JESSICA CAFFREY, Director, Department of Real Estate Management

#19-5233

Requesting authorization to exercise an option to purchase real estate contained in a Lease Agreement between the County of Cook, as Tenant, and 12757 S. Western Ave., LLC, as Landlord, for property located at 12757 S. Western Ave., Blue Island, Illinois.

On November 14, 2018, the County of Cook entered into a 10-year lease agreement with 12757 S. Western Ave., LLC for the building located at 12757 S. Western Avenue to operate the Oak Forest replacement clinic. The County is the sole tenant of the 42,276 square feet of gross leasable area.

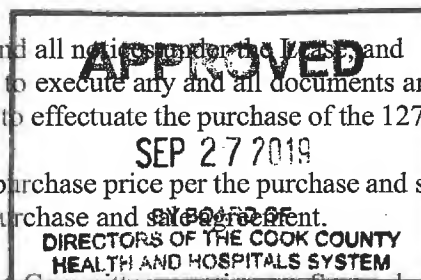
As per Article 26 of the lease, "Option to Purchase", the County has the option to purchase the property after the buildout is completed and tendered over to Tenant at an agreed upon price, which was determined by an Illinois Certified Appraisal of the premises, which includes the adjacent parking lot. The purchase by Tenant shall be contingent on an inspection of the Premises and Building, including all Building systems, which indicates that the Building and Premises are in a satisfactory condition that is acceptable to Tenant. The Option to Purchase shall extend for a two (2) year period from Commencement Date of the Lease and Tenant shall deliver written notice to Landlord of its election to exercise option.

The lease stipulates that thirty days after the issuance of the Certificate of Occupancy, Cook County would be responsible for payment of annual rent, amortized buildout expenses, taxes, operating expenses, annual rent increases equal to 2.5% of the base rent, and over a period of ten years, these costs amount to \$17,922,317.00. Upon completion of the improvements, it is estimated the County will have paid approximately \$2,179,608.00 in additional improvements.

By exercising the option, the County would avoid cost of real estate taxes which are estimated to be \$211,380.00 for the first year of the lease and will relieve County of paying annual base rent and Common Area Maintenance (CAM) to a Landlord. Per the lease the Landlord will deliver the property in a "Turn-Key" condition and all punch list items identified by Cook County will be completed by Landlord within thirty (30) days following substantial completion and before closing.

If the Board approves the proposed acquisition, this approval shall include the following authorization:

- (i) For the Real Estate Director to execute any and all notices under the Lease, and
- (ii) For the President or the Real Estate Director to execute any and all documents and instruments and to take such other action as may be necessary to effectuate the purchase of the 12757 S. Western Ave., Blue Island, IL.
- (iii) For the Comptroller to pay the agreed upon purchase price per the purchase and sale agreement as well as any fees/closing costs detailed in said purchase and sale agreement.



This item is being referred to Asset Management Committee meeting on September 5, 2019 and anticipated approval on September 26, 2019.

Approval is recommended.